

TRINITY PARK CONSERVANCY
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
YEAR ENDED DECEMBER 31, 2017

**TRINITY PARK CONSERVANCY
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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Trinity Park Conservancy
Dallas, Texas

We have audited the accompanying financial statements of Trinity Park Conservancy, which comprise the statement of financial position as of December 31, 2017 and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The Board of Directors
Trinity Park Conservancy

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Trinity Park Conservancy as of December 31, 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Fort Worth, TX
April 9, 2018

**TRINITY PARK CONSERVANCY
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017**

ASSETS

ASSETS

Cash and Cash Equivalents	\$ 11,439,349
Promises to Give, Net of Discount	881,901
Prepaid Expenses	17,990
Property and Equipment, Net	<u>89,764</u>
 Total Assets	 <u><u>\$ 12,429,004</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts Payable	\$ 69,075
Accrued Expenses	<u>32,500</u>
 Total Liabilities	 <u>101,575</u>

NET ASSETS

Unrestricted	1,970,395
Temporarily Restricted	<u>10,357,034</u>
 Total Net Assets	 <u>12,327,429</u>
 Total Liabilities and Net Assets	 <u><u>\$ 12,429,004</u></u>

See accompanying Notes to Financial Statements.

**TRINITY PARK CONSERVANCY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017**

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
REVENUES AND SUPPORT			
Contributions and Grants	\$ 342,604	\$ 125,000	\$ 467,604
Membership Dues	10,550	-	10,550
Sponsorships	17,000	-	17,000
Interest	134,032	-	134,032
Net Assets Released from Restrictions:			
Satisfaction of Purpose Restriction	868,491	(868,491)	-
	<u>1,372,677</u>	<u>(743,491)</u>	<u>629,186</u>
EXPENSES			
Program	1,449,003	-	1,449,003
General and Administrative	97,459	-	97,459
Development	177,664	-	177,664
	<u>1,724,125</u>	<u>-</u>	<u>1,724,125</u>
CHANGE IN NET ASSETS	(351,448)	(743,491)	(1,094,939)
Net Assets - Beginning of Year	<u>2,321,843</u>	<u>11,100,525</u>	<u>13,422,368</u>
NET ASSETS - END OF YEAR	<u>\$ 1,970,395</u>	<u>\$ 10,357,034</u>	<u>\$ 12,327,429</u>

See accompanying Notes to Financial Statements.

**TRINITY PARK CONSERVANCY
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2017**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ (1,094,939)
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities:	
Depreciation	17,092
Accretion of Discount to Present Value for Promises to Give	(3,113)
(Increase) Decrease in Operating Assets:	
Promises to Give	176,667
Prepaid Expenses	(14,080)
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	(21,131)
Accrued Expenses	<u>32,500</u>
Net Cash Used in Operating Activities	<u>(907,004)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of Property and Equipment	<u>(37,000)</u>
Net Cash Used by Investing Activities	<u>(37,000)</u>

NET DECREASE IN CASH AND CASH EQUIVALENTS

(944,004)

Cash and Cash Equivalents - Beginning of Year

12,383,353

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 11,439,349

See accompanying Notes to Financial Statements.

**TRINITY PARK CONSERVANCY
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2017**

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Development</u>	<u>Total</u>
Compensation	\$ 108,202	\$ 7,213	\$ 28,854	\$ 144,269
Payroll Taxes	8,446	563	2,252	11,261
Employee Health Insurance	14,444	963	3,852	19,259
Total Payroll Expense	<u>131,092</u>	<u>8,739</u>	<u>34,958</u>	<u>174,789</u>
Bank and Software Fees	10,680	712	2,848	14,240
Contract Labor	235,200	63,278	32,800	331,278
Depreciation	12,819	855	3,418	17,092
Equipment Rent and Maintenance	3,752	250	1,000	5,002
Grants Issued	100,000	-	-	100,000
Park Governance	150,793	-	-	150,793
Park Design	417,698	-	-	417,698
Insurance	8,289	553	2,210	11,052
Miscellaneous	2,457	164	655	3,275
Office Supplies	24,168	1,611	6,445	32,224
Printing	2,612	174	696	3,482
Professional Services - Communication	159,297	2,698	10,793	172,788
Professional Services - Other	95,791	13,732	63,068	172,591
Rent and Utilities	62,319	4,155	16,619	83,093
Telephone	7,373	492	1,966	9,831
Travel	24,664	47	186	24,897
Total Expenses	<u>\$ 1,449,003</u>	<u>\$ 97,459</u>	<u>\$ 177,664</u>	<u>\$ 1,724,125</u>

See accompanying Notes to Financial Statements.

**TRINITY PARK CONSERVANCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 ORGANIZATION AND PURPOSE

Trinity Park Conservancy is a nonprofit, 501c3 organization, founded in 2004 under the name of The Trinity Trust Foundation, to support and implement the recreational, economic development, and environmental stewardship components within the City of Dallas' Trinity River Corridor Project. The purpose of Trinity Park Conservancy is to fulfill the promise of the Trinity River as the natural gathering place for Dallas.

The Trinity Park Conservancy champions the transformation of the Trinity River to become the heart of Dallas. With the community, the Conservancy will design public spaces that unite, enrich people's lives through access to nature, create economic development opportunities, and inspire protection for the river ecosystems in this shared natural treasure.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Conservancy is presented to assist in understanding the Conservancy's financial statements. The financial statements and notes are representations of Conservancy's management who are responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America (U.S. GAAP) and have been consistently applied in the preparation of the financial statements.

Financial Statement Presentation

The Conservancy presents the financial statements in accordance with U.S. GAAP. As such, the Conservancy is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted. In addition, the Conservancy is required to present a statement of functional expenses and a statement of cash flows. Accordingly, net assets and changes therein are classified as follows:

Unrestricted Net Assets – Those funds are available for support of the Conservancy and its programs.

Temporarily Restricted Net Assets – Those funds are limited by the donor(s) for later periods or specific purposes.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**TRINITY PARK CONSERVANCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Conservancy is organized as a nonprofit corporation under Section 501(c)(3) of the Internal Revenue Code. This section exempts the Conservancy from taxes on income. Accordingly, no provision for income taxes has been made in the financial statements. Taxes are paid on net income earned from sources unrelated to the exempt purposes. There was no net income from unrelated business for the year ended December 31, 2017.

The Conservancy's tax returns are subject to review and examination by federal and state authorities.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Conservancy considers any short-term investment convertible to cash within three months or less with little or no change in the principal amount to be a cash equivalent. The Conservancy places its cash with high-credit-quality financial institutions and periodically maintains deposits in amounts that exceed FDIC insurance coverage. Management believes the risk of incurring material losses related to this credit risk is remote.

Promises to Give

The Conservancy's promises to give consist primarily of contributions and grants from various donors. The Conservancy utilizes the allowance method for recognition of bad debts. Management periodically reviews receivables on an account-by-account basis. Accounts are written off when it appears collection efforts will not be successful. Based on management's assessment of the credit history of donors, no allowance for doubtful accounts was deemed necessary as of December 31, 2017. Bad debt expense was \$-0- for the year ended December 31, 2017.

Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discount on those amounts is computed using risk-adjusted interest rates (if significant) applicable to the year in which the promises are expected to be received. For 2017, a discount rate of 2.52% was utilized for various pledges.

Revenue Recognition

Contributions and grants are recognized when unconditional commitments are received and recorded as unrestricted or temporarily restricted support, depending on the existence and/or nature of any donor restrictions. Contributions and grants for which the restriction is met in the same period the contribution or grant is received are recorded as unrestricted in the Statement of Activities.

When a donor restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

**TRINITY PARK CONSERVANCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Expenditures for property and equipment in excess of \$5,000 and having a useful life of one year or more are capitalized and recorded on the Conservancy's books at cost. Depreciation is computed on the on the straight-line basis over the estimated useful lives of the assets, which range from 3 to 15 years. Depreciation expense was \$17,092 for the year ended December 31, 2017.

Management evaluates its long-lived assets for financial impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. An impairment loss is recognized when the estimated undiscounted cash flows from the assets are less than the carrying value. There was no such impairment loss for the year ended December 31, 2017.

Maintenance, repairs, and minor renewals are expensed as incurred. When assets are retired or disposed of, their cost and related accumulated depreciation are removed from the accounts. Gains or losses are included in income.

Donations of significant property and equipment are recorded as support at estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Restricted assets and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Conservancy reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Conservancy reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Functional Allocation of Expenses

The costs of providing program, fund-raising and supporting services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and fund-raising activities benefited.

Compensated Absences

Employees of the Conservancy are entitled to paid vacation, paid sick days and paid personal days off depending on length of service and other factors. The Conservancy's policy is to recognize the costs of compensated absences when actually paid to employees, and certain compensated absences benefits expire at year end when not used.

**TRINITY PARK CONSERVANCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 3 PROMISES TO GIVE

The following is a schedule of estimated collections of promises to give as of December 31, 2017:

	2018	\$ 376,667
	2019	126,667
	2020	50,000
	2021	50,000
	2022	50,000
	Thereafter	<u>250,791</u>
		904,125
	Discount to Estimated Present Value	<u>(22,224)</u>
	Total	<u><u>\$ 881,901</u></u>

The promises to give at December 31, 2017 consist of 55% due from one donor and 28% due from another donor.

During 2016, The Conservancy received a pledge of \$50,000,000. One installment of \$10,000,000 was paid during 2016, and the remaining pledge of \$40,000,000 was contingent on several factors being met no later than the third anniversary of the date of the donation letter (September 15, 2016). Contingencies include naming rights for the park to be built with the funds, funding commitments sufficient for the construction, maintenance and operation of the park, and an organization for the governance, management and operations for the park. The Conservancy believes the contingencies will be met within the required time frame. This contribution has not yet been recorded and recognized by the Conservancy, pending completion of the aforementioned contingencies.

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2017 consisted of the following:

Computer Equipment	\$ 18,194
Furniture and Fixtures	4,640
Leasehold Improvements	241,295
Bridge Designs and Models	295,625
Software and Website Development	<u>37,000</u>
Total Cost	596,754
Less: Accumulated Depreciation	<u>(506,990)</u>
Net Property and Equipment	<u><u>\$ 89,764</u></u>

**TRINITY PARK CONSERVANCY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 5 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2017 consisted of the following:

	Balance at December 31, 2016	Additions	Released from Restrictions	Balance at December 31, 2017
Clean-ups	\$ 75,525	\$ -	\$ -	\$ 75,525
Trails	775,000	-	-	775,000
Lakes	25,000	-	-	25,000
Simmons Park	10,200,000	100,000	(868,491)	9,431,509
McDermott Flags (Mary Kay, Inc.)	25,000	-	-	25,000
Bob Gillikin Memorial Gift	-	25,000	-	25,000
Totals	<u>\$ 11,100,525</u>	<u>\$ 125,000</u>	<u>\$ (868,491)</u>	<u>\$ 10,357,034</u>

NOTE 6 OPERATING LEASES

The Conservancy is contractually bound by operating leases for its administrative offices and various office equipment used by the staff. The following is a schedule of minimum lease payments due in the subsequent years:

<u>Year Ending December 31,</u>	
2018	\$ 78,749
2019	4,394
2020	1,981
	<u>\$ 85,124</u>

NOTE 7 CONCENTRATIONS

Donors with total gifts exceeding 10% of the value of total contributions during the year are considered concentrated donors to the Conservancy. Three donors comprised 65% of the total balance of contribution revenue for the year ended December 31, 2017.

NOTE 8 SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 9, 2018, the date on which the financial statements were available to be issued.